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DEVELOPMENTS CONCERNING NATIONAL EMERGENCY WITH RESPECT TO LIBYA

COMMUNICATION

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

A REPORT ON DEVELOPMENTS CONCERNING THE NATIONAL EMERGENCY WITH RESPECT TO LIBYA THAT WAS DECLARED IN EXECUTIVE ORDER 12543 OF JANUARY 7, 1986, PURSUANT TO 50 U.S.C. 1703(c)

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THE WHITE HOUSE,
Washington, January 4, 2001.

Hon. J. DENNIS HASTERT,
Speaker of the House of Representatives,
Washington, DC.

DEAR MR. SPEAKER: As required by section 401(c) of the National Emergencies Act, 50 U.S.C. 1641(c), section 204(c) of the International Emergency Economic Powers Act, 50 U.S.C. 1703(c), and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c), I transmit herewith a 6-month periodic report on the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986.

Sincerely,

WILLIAM J. CLINTON.

PRESIDENT'S PERIODIC REPORT ON THE NATIONAL EMERGENCY WITH RESPECT TO LIBYA

I hereby report to the Congress on the developments since my last report of July 27, 2000, concerning the national emergency with respect to Libya that was declared in Executive Order 12543 of January 7, 1986. This report is submitted pursuant to section 401(c) of National Emergencies Act, 50 U.S.C. 1641(c); section 204(c) of the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. 1703(c); and section 505(c) of the International Security and Development Cooperation Act of 1985, 22 U.S.C. 2349aa–9(c).

1. On January 4, 2001, I renewed for another year the national emergency with respect to Libya pursuant to IEEPA. This renewal extended the current comprehensive financial and trade embargo against Libya in effect since 1986. Under these sanctions, virtually all trade with Libya is prohibited, and all assets owned or controlled by the Government of Libya in the United States or in the possession or control of U.S. persons are blocked.

2. There have been no amendments to the Libyan Sanctions Regulations, 31 CFR Part 550 (the "Regulations"), since my last report.

3. During the current reporting period, OFAC reviewed numerous applications for licenses to authorize transactions under the Regulations. Consistent with OFAC's ongoing scrutiny of banking transactions, the largest category of authorizations (31) involved types of financial transactions that are consistent with U.S. policy. Most of these licenses authorized remittances between persons who are not blocked parties to flow through Libyan banks located outside Libya. Eighty-eight applications to unblock funds transfers were denied due to a Government of Libya interest; eight applications to engage in certain commercial transactions were denied, as were two applications involving travel-related transactions. Five licenses were issued authorizing commercial sales to medicines, three licenses authorized commercial sales of bulk agricultural products, and two authorized certain legal services. As of November 24, 2000, a total a 59 licenses had been issued during the reporting period.

4. OFAC continues to emphasize to the international banking community in the United States the importance of identifying and blocking payments made by or on behalf of Libya. OFAC worked closely with banks to assure the effectiveness of interdiction software systems used to identify such payments. As of November 21, 2000, 165 transactions, totaling more than $5 million, were blocked during this reporting period. Under the Regulations (§ 550.205), unauthorized commercial funds transfers involving Libya must be returned to the remitters without further processing, rather than blocked, were there is no blockable interest of the Government of Libya. (See 31 CFR 501.604.) During the reporting period, 156

transactions were rejected, without further processing, by U.S. banks causing a disruption of more than $6.8 million in financial dealings involving Libya.

5. Since my last report, OFAC has collected four civil monetary penalties totaling nearly $32,000 for violations of IEEPA and the Regulations. Two banks and two corporations paid penalties for transactions relating to the Government of Libya or entities owned or controlled by the Government of Libya or to exports to Libya in violation of the sanctions.

On April 26, 2000, a federal grand jury in Houston, Texas, returned a 23-count criminal indictment against a Houston-based corporation and its two principal officers. The indictment charges violations of IEEPA and other federal statutes involving the illegal exportation to Libya of pipe coating material for use in the Great Man Made River Project. Other enforcement actions carried over from previous reporting periods continue and new reports of reports of alleged violations are being aggressively pursued.

6. The expenses incurred by the Federal Government in the 6-month period from July 7, 2000 through January 6, 2001, that are directly attributable to the exercise of powers and authorities conferred by the declaration of the Libyan national emergency are estimated at approximately $620,000. Personnel costs were largely centered in the Department of the Treasury (particularly in the Office of Foreign Assets Control, the Office of the General Counsel, and the U.S. Customs Service), the Department of State, and the Department of Commerce.

7. The crisis between the United States and Libya that led to the declaration of a national emergency on January 7, 1986, has not yet been resolved. Despite the UN Security Council's suspension of UN sanctions against Libya upon the Libyan Government's handover of the Pan Am 103 bombing suspects in April 1999, Libya has not yet complied with UN Security Council Resolutions 731 (1992), 748 (1992), and 883 (1993). Therefore, I am still concerned that Libya poses a continuing unusual and extraordinary threat to the national security and vital foreign policy interests of the United States. U.S. unilateral sanctions will, therefore, remain in force, and I will continue to exercise the powers at my disposal to apply these sanctions fully and effectively, as long as they remain appropriate. I will continue to report periodically to the Congress on significant developments as required by law.